

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 59th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS**

**Call to Order:** By **CHAIRMAN ALAN OLSON**, on March 16, 2005 at 3:00 P.M., in Room 455 Capitol.

#### **ROLL CALL**

##### **Members Present:**

Rep. Alan Olson, Chairman (R)  
Rep. Dave Gallik, Vice Chairman (D)  
Rep. Dennis Himmelberger, Vice Chairman (R)  
Rep. Robyn Driscoll (D)  
Rep. George G. Groesbeck (D)  
Rep. Robin Hamilton (D)  
Rep. Hal Jacobson (D)  
Rep. Harry Klock (R)  
Rep. Mark E. Noennig (R)  
Rep. Diane Rice (R)  
Rep. Wayne Stahl (R)  
Rep. Brady Wiseman (D)

**Members Excused:** Rep. John Parker (D)

**Members Absent:** Rep. Karl Waitschies (R)

**Staff Present:** Todd Everts, Legislative Branch  
Cynthia Peterson, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

##### **Committee Business Summary:**

Hearing & Date Posted: HB 775, 3/14/2005  
Executive Action:

**PRESENTATION ON PROPOSED TRANSMISSION PROJECTS**

**Northern Lights**

**Michael Hogan, Scott Ferris, Bud Anderson, and Allen Davis, Northern Lights Transmission**, gave a Power Point presentation on Northern Lights' proposed transmission project.

**EXHIBIT**(feh58a01)

**{Tape: 1; Side: A; Approx. Time Counter: 0 - 23.3; Comments: Northern Lights presentation.}**

**Questions from Committee Members and Responses:**

**REP. MARK NOENNIG, HD 46, BILLINGS**, asked about Northern Lights' situation with Wyoming. **Mr. Hogan** explained Wyoming is also looking into its own alternative to cut directly through Utah and into California. **Mr. Hogan** believed Northern Lights' solution would be better. **Mr. Hogan** emphasized that consumers should not pay for anything that they do not directly benefit from.

**REP. WAYNE STAHL, HD 35, SACO**, asked if it would be difficult to upgrade the proposed line in the future. **Mr. Hogan** explained they are investigating how much energy could be brought to any one market in the Southwest and, during an outage of the line, what would happen to the rest of the system. **Mr. Hogan** suggested 3,000 megawatts may be the limit. **Mr. Hogan** pointed out that they have done substantial work on the project and are currently attempting to obtain political support and support from generators.

**REP. DAVE GALLIK, HD 79, HELENA**, wondered how Mr. Hogan anticipated working with proposed coal-fired generators to get the product to market. **Mr. Hogan** thought it would be key that everybody has an opportunity to participate, and no one is shut out. **Mr. Hogan** commented they hoped to have the transmission line built by 2011.

**{Tape: 1; Side: B}**

**Mr. Hogan** stated Northern Lights is interested in meeting the different developers to determine what their expectations are. **Mr. Hogan** relayed that they have had discussions with Northwestern Energy (NWE).

**REP. GALLIK** wondered if Northern Lights would piggyback existing corridors or whether it would acquire new rights-of-way. **Bud Anderson** replied they are identifying existing corridors. In

addition, they will be meeting with private landowners when necessary.

**REP. BRADY WISEMAN, HD 65, BOZEMAN**, wanted to know how the electromagnetic radiation profile of high-voltage DC compares with high-voltage AC. **Mr. Hogan** replied with DC current, the amount of electromagnetic field is much less than with AC.

**REP. NOENNIG** asked about safety, and **Mr. Hogan** replied DC is as safe as AC. **Mr. Hogan** explained how the high-cost of technology in the past was prohibitive to develop resources. Today's technology is much more affordable, and the shortage of power in the Southwest makes the project feasible.

**REP. STAHL** spoke about the fluctuations of wind power in Montana and the need to back up wind power. **REP. STAHL** asked if those fluctuations would cause problems with the transmission lines. **Mr. Hogan** explained how those fluctuations could be handled easier with DC lines.

#### **Perry Cole, Trans Elect**

**Mr. Cole** gave a Power Point presentation on Trans Elect and submitted an article from *Transmission & Distribution World*.

[\*\*EXHIBIT\*\*\(feh58a02\)](#)

[\*\*EXHIBIT\*\*\(feh58a03\)](#)

#### **Questions from the Committee and Responses**

**REP. GALLIK** asked Mr. Perry how he would suggest a public/private partnership in Montana should work and who would take the lead.

**Mr. Cole** stated it would be through facilitating discussions between regional transmission planning and state governments.

**Mr. Cole** submitted a copy of a letter dated March 10, 2005, from Wyoming Governor Dave Freudenthal to the Western Area Power Administration asking for assistance in developing lines from the Powder River Basin in Wyoming to Colorado.

[\*\*EXHIBIT\*\*\(feh58a04\)](#)

**{Tape: 2; Side: A}**

**Mr. Cole** explained how the trouble experienced in the Southwest will affect the entire West.

**REP. GALLIK** suggested that Montana has seven or eight new coal fired generation plants, as well as wind, but there is no way to get the power to market. **REP. GALLIK** noted companies like Trans Elect are anxious to build transmission, and commented the two

parties should work together. **Mr. Cole** agreed and acknowledged the parties are working together, but that it takes time.

**Bill Pascoe, Great Northern Properties**, explained that Great Northern Properties bought the former holdings of Great Northern Railroad and is the largest holder of coal reserves. **Mr. Pascoe** spoke about the coal-fired generation project slated for Circle, Montana. **Mr. Pascoe** provided a history of Montana's transmission system and encouraged consideration of new opportunities for transmission in Montana.

#### HEARING ON HB 775

#### Opening Statement by Sponsor:

**REP. DENNIS HIMMELBERGER (R), HD 47**, opened the hearing on **HB 775**, deployment and cost recovery of wireless enhanced 911 services. **REP. HIMMELBERGER** submitted a fact sheet regarding HB 775.

[EXHIBIT\(feh58a05\)](#)

**REP. HIMMELBERGER** explained that HB 775 will ensure that people who dial 911 on cell phones are able to be located and rescued by 911 services across Montana. **REP. HIMMELBERGER** stated HB 775 will create a special account with a .50 surcharge per month, per wireless line.

#### Proponents' Testimony:

**Aimee Grmoljez, Verizon Wireless**, reviewed HB 775 with the Committee and directed the Committee to Sections 1 through 8, which **Ms. Grmoljez** believed was the heart of the bill. **Ms. Grmoljez** depicted HB 775 as being about public safety since currently 54 of Montana's 56 counties do not have wireless 911 service, and Gallatin County and Cascade County are the only counties with 911 wireless service. Currently, there is a .50 fee charged, with .25 going to basic 911 and .25 for enhanced 911. **Ms. Grmoljez** explained none of this money goes to provider cost recovery or enables Public Safety Answering Points (PSAP) to upgrade technology for the wireless system. **Ms. Grmoljez** explained how Phase I is a wireless system that automatically delivers number information to the PSAP for wireless calls, while Phase II is the wireless system that automatically delivers number and location information. **Ms. Grmoljez** explained that HB 775 is based off current statutes in other states. **Ms. Grmoljez** explained most of the infrastructure cost for wireless carrier to upgrade their system for Phase I and Phase II will occur in the

first five years; therefore, the fee is split 50/50 during the first five years. After those first five years, the fee is split with two-thirds being assessed to PSAP and one-third being assessed to the wireless carriers. **Ms. Grmoljez** directed the Committee to amendment HB077501.ate.

[EXHIBIT\(feh58a06\)](#)

**Ms. Grmoljez** identified a "rural wireless carrier" as any carrier, except for Verizon Wireless and Western Wireless, and stated the amendment was drafted on behalf of Mid-Rivers Wireless. The amendment eliminates the two-third/one-third split and reverts back to allowing reimbursement costs as defined in Section 16 of the bill. **Ms. Grmoljez** explained how costs would be reimbursed pro rata in the event there is not enough money to reimburse all wireless companies that apply for reimbursement. In addition, HB 755 contains a provision for alternative dispute resolution.

**Ms. Grmoljez** also submitted written testimony from Ben Hess, Gallatin County, who is also a proponent of HB 755.

[EXHIBIT\(feh58a07\)](#)

**Ms. Grmoljez** read written testimony from Missoula county.

[EXHIBIT\(feh58a08\)](#)

*{Tape: 2; Side: A; Approx. Time Counter: 11.6 - 24.5; Comments: Testimony of Aimee Grmoljez.}*

**Peter McHale, Verizon Wireless**, believed the legislation brings together what has been effective in other states. **Mr. McHale** believed HB 755 would save lives and assist public safety services. **Mr. McHale** reported Verizon has over 25,000 customers in the state of Montana. **Mr. McHale** relayed stories of how 911 emergency services can save lives.

*{Tape: 2; Side: B}*

**Mr. McHale** believed enhanced 911 service would assist law enforcement.

**Bill Kennedy, Yellowstone County Commissioner and President of the Montana Association of Counties (MACo)**, testified as a proponent of HB 775 and stated there are major emergency problems across the country, including the enhanced 911 system for emergency services.

**Jim Kimble, Montana Association of Chiefs of Police and Montana Police Protective Association**, supported the concept of HB 755

and acknowledge there are technical areas of the bill that need work. **Mr. Kimble** believed HB 755 would save lives.

**Linda Stoll, Missoula County**, acknowledged her testimony in support of HB 755, which was previously read into the record by Ms. Grmoljez.

**Nathan Glazier, Western Wireless**, submitted written testimony as a proponent of HB 775.

[EXHIBIT\(feh58a09\)](#)

**Opponents' Testimony:**

**Mike Strand, Montana Independent Telecommunication Systems (MITS)**, submitted written testimony in opposition to HB 775. **Mr. Strand** pointed out that the majority of the cases where someone needs to be found occur in rural areas, but noticed rural carriers were not supporting the legislation.

[EXHIBIT\(feh58a10\)](#)

**Jeff Brandt, Department of Administration**, submitted written testimony in opposition of HB 755.

[EXHIBIT\(feh58a11\)](#)

**Phil Maxwell, Three Rivers Communications**, supported the concept of HB 775 and commented, that he would appreciate the ability to collect the costs for enhanced 911. **Mr. Maxwell** opposed HB 775 and suggested a better solution could be worked on during the interim. **Mr. Maxwell** agreed there is a safety issue, but suggested opposing HB 775 would not necessarily mean a person is anti-safety. **Mr. Maxwell** believed there would be no difference between someone reporting an emergency on a wire line phone versus a wireless phone. **Mr. Maxwell** also suggested passing the cost on to its wireless customers would make Three Rivers noncompetitive. **Mr. Maxwell** would like to see legislation that is usable and affordable by all customers.

**{Tape: 3; Side: A}**

**Geoff Feiss, Montana Telecom Association**, clarified that HB 755 is a cost-recovery bill and not a bill that would implement enhanced 911, and that implementation of enhanced 911 is already required by federal rule. **Mr. Feiss** agreed that all parties should get together in the interim and work on a solution. **Mr. Feiss** depicted HB 755 as too complicated and premature.

**Informational Testimony:** None.

**Questions from Committee Members and Responses:**

**REP. STAHL** asked **Ms. Grmoljez** to address the issues raised by the opponents to HB 775. **Ms. Grmoljez** addressed the concept that suggested companies would not be reimbursed for their costs. **Ms. Grmoljez** directed the Committee to Section 4(4)(a) and noted the section does not say only large carriers will be reimbursed. **Ms. Grmoljez** insisted anyone could receive reimbursable costs as defined in Section 16. **Ms. Grmoljez** was also concerned about the suggestion that one wireless carrier could deplete the fund, and referred the Committee to Section 4(9)(c)(i) of HB 775, and emphasized that 4(9)(c)(ii) contains a rollover provision, so every company would eventually be reimbursed.

**REP. STAHL** asked what would be included in the term "billed out." **Ms. Grmoljez** referred to Page 15, Line 15, and the definition of "reimbursable costs." **REP. STAHL** wondered if new towers would be included, and **Ms. Grmoljez** responded she did not believe a new tower would fall within the definition of reimbursable costs. **SEN. STAHL** noted new towers would be required if everyone was going to be able to get enhanced 911 services, and that an investment in new towers would be a substantial expense. **Ms. Grmoljez** agreed there are areas in Montana without coverage that would need new towers, but explained HB 775 only deals with areas that currently have coverage.

**Mr. McHale** explained how HB 775 is attempting to provide the ability for a wireless carrier to recover costs for enhanced wireless service. **Mr. McHale** explained if Verizon puts \$100,000 into the fund, Verizon would not automatically receive \$100,000 back, but could only apply for actual reimbursable costs, and the rest of the money could be used to help smaller carriers and PSAPs.

**REP. WISEMAN** asked **Mr. McHale** to elaborate on how cost recovery is paid in other states. **Mr. McHale** recalled that in some states when a carrier calls for reimbursement, it has been easy for the public service to not pay and in some cases, companies are unable to be reimbursed because the law is vague. **Mr. McHale** believed the legislation provides opportunities for carriers and PSAPs to recover their costs.

**REP. WISEMAN** asked how Verizon recovers costs in Gallatin County and Cascade County. **Mr. McHale** explained they are mandated to provide 911 service, but there is no cost recovery provisions.

**REP. WISEMAN** asked whether in Gallatin County and Cascade County, where taxpayers have already paid for the enhanced service, taxpayers could seek reimbursement. **Ms. Grmoljez** thought the potential was there, but that it would be up to the Legislature to set public policy. **REP. WISEMAN** specifically asked if the costs could be recovered as the bill is currently written, and **Ms. Grmoljez** replied she believed they could.

**REP. NOENNIG** followed up on Mr. Feiss's comment that implementation is already required by the federal government. **Mr. McHale** explained the FCC mandate requires delivery of 911 data to the PSAP. **REP. NOENNIG** commented he was confused as to why there would be any reimbursement in Gallatin County. **Mr. McHale** estimated \$125,000 per month would be raised by the .50 fee assessed to Verizon's customers. **Mr. McHale** could not estimate what it would cost for PSAPs to upgrade.

**Ms. Grmoljez** explained that everyone pays .50 on their wire line and wireless charges. If you call 911 on your wireless phone, the call would go to a PSAP and someone would help. The additional .50 would apply only to wireless, and **Ms. Grmoljez** emphasized that wireless phones should not be subsidized by wire line.

**REP. NOENNIG** clarified that currently, wireless is in some way subsidizing wire line services. **Ms. Grmoljez** agreed, and stated there is a public perception that wire line phones are a necessity and wireless phones are not.

*{Tape: 3; Side: B}*

**REP. STAHL** asked about the two-thirds vote requirement in Section 21. **Ms. Grmoljez** stated she did not feel she could allow a limitation on liability to remain for wireless carriers and not for PSAPs.

**Closing by Sponsor:**

**REP. HIMMELBERGER** closed the hearing on HB 775.



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**ADJOURNMENT**

Adjournment: 5:40 P.M.

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REP. ALAN OLSON, Chairman

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CYNTHIA PETERSON, Secretary

AO/cp

Additional Exhibits:

**EXHIBIT ([feh58aad0.PDF](#))**